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FOREIGN AGRICULTURE

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November 10, 1975

World Meat Surpluses

U.S. Rice Sales to Mideast

Foreign
Agricultural
Service
U. S. DEPARTMENT
OF AGRICULTURE

FOREIGN AGRICULTURE

Vol. XIII • No. 45 • Nov. 10, 1975

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This week's cover:

Egyptian street vendor sells cooked rice mixture in Cairo. Egypt, like many other Middle East countries, is increasing its rice imports from the United States and other important rice exporters. See article beginning on page 6.

The Secretary of Agriculture has determined that publication of this periodical is necessary in the transaction of public business required by law of this Department. Use of funds for printing *Foreign Agriculture* has been approved by the Director, Office of Management and Budget through June 30, 1979. Yearly subscription rate: $34.35 domestic, $42.95 foreign; single copies 70 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. Contents of this magazine may be reprinted freely. Use of commercial and trade names does not imply approval or constitute endorsement by USDA or Foreign Agricultural Service.

World Meat Surpluses Persist As Exporters' Output Soars

By K. SUZANNE EARLY, ALAN HEMPHILL, and ARTHUR F. HAUSAMANN
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THE MEAT glut that caught the world by surprise in 1974 has become a diminishing problem for major importing areas—North America, the European Community, and Japan—where combined 1975 red meat production is forecast down 3 percent. Accordingly, some of the import restraints imposed at the height of the surplus are slowly being eased.

But oversupply problems are far from over for major exporting nations, where beef and cattle prices fell to record lows this year. Accentuating the decline, disillusioned producers in the exporting nations have stepped up marketings of cattle this year after holding back during 1974 in hopes of attaining better prices.

The result has been an ironic contrast of conditions—record cattle prices in the EC, for instance, compared with returns in Australia and New Zealand that barely cover the cost of marketing some animals.

The 3 percent reduction forecast for importers' meat output is coming largely in the United States, where sharply lower pork production has offset increases in beef and veal output. Parallel but less pronounced, developments are taking place in Canada, the European Community, and Japan.

So far, the major importers have not undertaken any significant dismantling of trade barriers imposed during the height of the 1974 beef and veal surplus, although they have eased up on some restrictions.

Japan at the end of June 1975 resumed issuance of import quotas for beef and veal—with only a modest 45,000 metric tons approved so far for import—and it appears likely to triple pork imports this year to almost 150,000 tons.

The European Community in June replaced its all-out ban on beef and veal imports with a licensing system allowing limited imports if they were offset by equal amounts of unsubsidized exports. It then revised the system as of October 1 to allow imports of 60 percent more boneless beef than exports of bone-in beef and imports of twice as much bone-in beef as that exported.

Canada continues to maintain global quotas on imports of fresh or frozen beef and veal to protect domestic prices of live cattle but—in the face of fierce price-cutting competition by exporters—has revised the system to include individual country quotas. In addition, Canada on August 7 removed quotas on U.S. cattle imports as the United States simultaneously lifted its quotas on imports of Canadian cattle, hogs, and pork.

To prevent the EC and Japanese import barriers from causing a huge diversion of meat to this market, the United States during 1975 has relied on a program of voluntary import restraints. Under the program, imports of fresh, chilled, or frozen beef, veal, mutton, and goat meats are being held to 1,180 million pounds, or 105 million pounds more than the unrestrained level of 1974.

ALTHOUGH severely limited by the restrictive trade measures of the EC and Japan, red meat shipments by the major exporters—Australia, New Zealand, Central America, Mexico, Argentina, Brazil, Uruguay, and Yugoslavia—have held up better than might have been expected. Current forecasts place total beef shipments from the major exporters at 1,450,000 metric tons (carcass weight) in 1975, compared with 1,390,000 and 2,284,000 in the 2 previous years.

Helping to offset reduced buying by traditional markets were larger purchases from nontraditional buyers such as the USSR and several Asian markets. The USSR earlier this year signed a contract to purchase 40,000 tons of Australian beef, although only 35,000 tons were actually imported, and last season made sizable purchases of Argentine beef.

Uruguayan range cattle on a roadside near Mercedes.

The EC also has found the USSR to be an important customer for its red meat surpluses, so far in 1975 selling a reported 90,000-130,000 tons of beef to the Soviets. This follows a sale of 90,000 tons in 1974, virtually all from Government-held intervention stocks.

Meanwhile some likely developments in coming months include:

- Further issuance of Japanese quotas for beef now that the country's supplies are closer to normal and the Government is working to develop a price stabilization program for meat.
- Possibly some additional easing of EC import restrictions on beef and veal, although record high intervention and orientation prices for beef point toward continued high production and small import demand.
- A bottoming out this year of North American cattle slaughter weights, followed by gradually rising weights next year as grain feeding of cattle again becomes profitable.
- Some recovery in pork output next year as producers respond positively to current profits.
- Continuing problems for some exporting nations, such as Uruguay, faced with the difficult choice of either straining pastures with further herd building or boosting slaughter and thus inviting declines in already-low returns.

United States. Both U.S. cattle numbers and slaughter reached record levels in the first 8 months of 1975. Cattle numbers as of July 1 hit 140.1 million head, 1 percent above those in July 1974, and commercial slaughter through August was up 11 percent, as slaughter of cows jumped by a third and that of calves doubled. But reduced slaughter weights will hold total 1975 beef production to a gain of only about 3 percent. Conversely, growth in beef production next year could outstrip increases in the number slaughtered should slaughter weights pick up as expected.

After holding firm in mid-summer at $47-$49 for choice steers, Omaha basis, cattle prices have declined about $3-$5 per hundredweight this fall, as heavy slaughter continues. The price decline is being moderated, however, by sharply reduced production of pork —estimated down 22 percent in the second half of 1975. This drop, together with moderate declines in poultry production, is seen reducing U.S. meat supplies by about 4.3 percent in the last half of 1975.

The United States continues as one of the few importing nations allowing liberal imports of red meat, although the country has opted for voluntary restraints to keep imports of fresh, chilled or frozen beef, veal, mutton, and goat meats from exceeding 1,180 million pounds. These items are subject to quotas, under the Meat Import Law, P.L. 88-482, but quotas have never been applied.

European Community. EC meat production in 1975 is estimated to decline slightly to 18.1 million tons in response to a 1.5 percent drop in pork output. Beef production, estimated at 6.7 million tons, will be up 1.5 percent, while little change is seen for other meats.

EC cattle numbers, however, are seen falling 2-3 percent by year's end as a result of increases in slaughter and tight trade controls that have held cattle imports to less than 100,000 head this year, compared with almost 500,000 head in 1974. Especially large is the herd reduction seen for the United Kingdom, whose cattle slaughter soared 26 percent in the first 8 months as dairy farmers, discouraged by EC dairy surpluses and high feed costs, culled their herds.

The EC's shift from an all-out ban on beef imports to limited purchases is being accomplished under the so-called EXIM system. Trade reports indicate that between 15,000 and 30,000 tons of beef were licensed for import under the program through September, compared with net imports of about 150,000 tons during 1974. This year, on the other hand, the EC seems likely to be a net exporter of beef, owing to its reduced imports and large sales to the USSR and other nontraditional markets.

A sharp boost in EC orientation and intervention prices this year resulted in the unique situation of cattle prices hitting alltime highs but still being below intervention levels. Average prices amounted to about $56 per 100 pounds as of the end of September.

The high intervention prices have contributed to large Government-held stocks of beef. These totaled nearly 300,000 tons (carcass weight) as of mid-1975.

A moderating influence on the beef oversupply situation is reduced pork

production, with a 16 percent decline in U.K. production accounting for virtually all of the 1.5 percent drop in total EC production to 7.8 million tons.

Japan. Both domestic consumption and production of beef and veal are estimated up slightly in 1975, with gains in the latter caused by still-high culling of dairy cows and steers. The question now is what the Japanese Government will do to satisfy an expected end-of-the-year surge in consumer buying . . . will it boost imports or let declining domestic herds bear the burden of satisfying increased demand?

JAPAN HAS eliminated its once-sizable beef stocks, so that any Government decision regarding rebuilding of stocks will be directly reflected in import quotas. Some forecasts have placed imports of beef and veal by year's end at 128,000 tons (carcass weight equivalent), but more conservative purchasing plans most likely will keep them at one-half to two-thirds that level.

Japan's recent resumption of beef and veal imports began at the end of June with the announcement of import quotas totaling 11,500 tons. Quotas totaling 33,630 tons have been issued since then. There also have been some discussions in the Japanese trade about importing cattle for slaughter.

Japan's new price stabilization program calls for imported beef to be temporarily held in the custody of the quasi-Governmental Livestock Industry Promotion Corporation (LIPC) as price stabilization stocks. The LIPC will either buy beef from the domestic market or release stocks, depending on the situation, to maintain domestic wholesale prices for beef and dairy steers within ceiling and floor prices. For dairy steers, the 1975/76 floor price is $1.44 per pound, and the ceiling, $1.92.

Japan also is expected to increase pork imports by more than three times last year's modest purchases to an estimated 150,000 tons this year. This is in response to a reduction in 1975 pork production—by about 10 percent to 880,000 tons—following record slaughter rates during 1974. Adjustments in prices effectively waived import duties beginning in mid-June, but wholesale domestic prices still were almost 30 percent above the Government ceiling as of late August.

Canada. Like the United States, Canada has witnessed a sharp rise in cattle slaughter and a more modest gain in actual beef production as a result of lower slaughter weights. Full-year beef and veal output could be up 11 percent from 1974's record to 1,045,000 tons. The lower slaughter weights reflect not only a decline in grain feeding of animals, but also reduced imports of heavy cattle from the United States, and increased slaughter of female animals—slaughter of mixed heifers rose 48 percent in the first 7 months and that of female calves doubled.

Heavy slaughter is expected to continue throughout 1975, contributing to a weakening of fed cattle prices from their summer peaks.

As in the United States, pasture conditions will be a significant factor behind future cattle marketings since record high numbers are being carried on grass as a result of the high cost of grain feeding cattle.

Canadian hog slaughter continues low and for the full year may be off about 12 percent from 1974's. The decline may be more than this should large numbers of gilts be withheld for breeding in late 1975.

Since its joint action with the United States in August lifting quotas on cattle imports, Canada has been allowing unrestricted imports of cattle. Beef import quotas for the August 12-December 31, 1975, period totaled 48.6 million pounds, broken down as follows: The United States, 7 million; Australia, 18.1 million; and New Zealand, 23.5 million.

Australia. Drought-induced slaughter and herd culling as a result of producer disillusionment over future price prospects have boosted Australian beef and veal production above earlier expectations. Output currently is seen rising 35 percent above the low 1974 level to 1,725,000 tons.

Exports have held up better than previously expected, with shipments through July 65 percent over those in the same 7 months of 1974 and forecast up 43 percent for the full year to 725,000 tons (carcass-weight basis). Larger exports to non-EC European countries, Taiwan, Hong Kong, Okinawa, Malaysia, and the Philippines—plus the 35,000 tons in exports to the USSR—account for this growth.

Australian shipments of beef and veal to the United States—the major market—are estimated at 290,000 tons in 1975, for a 24 percent gain from 1974 shipments.

New Zealand. Like Australia, New Zealand has seen cattle slaughter skyrocket this year—up 21 percent to 2 million head in the first 10 months. The increase came as a result of a return to more normal marketing patterns following producers' holding action of last year. Heavier weights—owing to a higher proportion than usual of steers—will boost beef and veal output an even sharper 25 percent to a record of possibly 500,000 tons. Record exports of 210,000 tons, product weight, also are anticipated.

Since February the New Zealand Meat Producers Board has been giving supplementary payments to cattle producers to bring cattle to slaughter. Without such payments, certain weights of cows and thin yearlings would not have returned enough money to pay for transportation and slaughter expenses. These payments also were designed to spur early marketings of cattle that otherwise would have been held off the market until a scheduled October boost in Board payments. The prices as of October 1 amounted to 25 cents per pound for steers and 18 cents for cows, compared with the previous 17 and 12 cents, respectively.

New Zealand's recent devaluation of 15 percent is expected to give it an advantage over Australia in markets where competition in beef has already been stiff—notably Japan and the Middle East.

Argentina. Beef production here is seen rising 12 percent this year to 2,415,000 tons, while exports will fall below the low 1974 volume to perhaps 150,000 tons, carcass weight. Only 60,000 tons were shipped in the first half of 1975. Loss of the EC market, as well as a decline in exports of canned beef to the United States, account for the drop—only partly offset by sales to the USSR and Israel.

A SIDE EFFECT has been the lifting of domestic consumption limitations and domestic price ceilings. These moves, together with good pasture conditions, have alleviated pressures to sell and caused prices to hold at or above the former ceilings.

Brazil. Following production increases in 1972 and 1973, Brazilian beef output fell 14 percent last year and is forecast to recover only slightly in 1975 to possibly 2.18 million tons. Beef exports last year fell 60 percent from those of 1973 and this year may not even reach the 1974 level. Sales of

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Israeli Poultry Industry Growth Continuing in 1975

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Encouraged by Government production and consumer subsidies and price controls, the Israeli poultry industry has flourished in recent years. While the per capita consumption of poultry products in calendar 1975 is expected to be on a level with those of calendar 1974, the growth of production continued through the first half of this year at an average of 8 percent per annum for poultry and 13 percent for eggs. Large surpluses of eggs and some of poultry meat are already in evidence.

Total production of poultry meat in 1974 was 123,900 tons. By category, 1974 output of poultry meat, in thousand tons, was: Young chicken meat, 85.9; other chicken meat, 5.2; turkey meat, 32.5; and other poultry meat, 0.3.

Egg production in 1974 was 1.5 million pieces.

Despite its sizable production, Israel's exports of poultry and products are insignificant. Its imports are nil.

Poultry accounted for 22.1 percent of Israel's total agricultural production in 1974—an increase from 20.7 percent in 1973. It supplied 42 percent of all animal protein consumed, with eggs alone accounting for 13.9 percent. More than 60 percent of all meat consumed was poultry and turkey.

Per capita consumption of all poultry meat, on a ready-to-cook basis, reached 78.2 pounds in 1974, up from 72.9 pounds the previous year. Per capita consumption of eggs in 1974 reached 407 units—up from 391 in 1973. These increases stem from Government policies that promote poultry meat as a partial replacement for imported beef, and provide egg subsidies.

Because of dietary restrictions imposed by the Jewish religion, poultry and eggs have always been an important component in the country's diet. In addition, the absence of severe cold in most parts of Israel makes year-round poultry production possible without heavy investment in insulated buildings and heating equipment. Also Government economists have decided that it is cheaper to import grain and soybeans than meat, and that therefore, consumption of local poultry products should be encouraged.

Poultry producers are able to buy feed—the ingredients of which are imported by the Government—at fixed prices that are not always related to the world market. Retail poultry meat prices are allowed to move in conformance with market conditions, but the farmer is assured of a minimum, Government-guaranteed price. To avoid overproduction, production quotas have been established for all poultry products. Nonquota production is neither subsidized nor is the price guaranteed.

Restrictions and subsidies are administered by the Poultry and Egg Production and Marketing Board, on which producers and the Government are represented. Although in theory the Board has a monopoly, since sales on all trade levels have to be channeled through its organization, in reality about 25 percent of all egg production is sold directly by the producer to the trade or ultimate consumer.

The Board also keeps close check on hatcheries—the main tool for regulating poultry meat supplies. But eggs are more difficult to control, since layers can be kept in production for more than the 10 months planned by the Board. Physical counts of layers have been attempted from time to time, but with limited success.

During 1974, sharply increasing

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Left, caged layers on Israeli farm; above, automatic poultry feeding system. Government assistance has enabled the Israeli poultry industry to flourish in recent years.

Mideast Oil Sales Finance Bigger Imports Of U.S. Rice

By JOHN B. PARKER, JR.
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Left, rice storehouse in Iran's Chasembad District of Gilan Province. Opening only at the top, the storehouse is mounted on legs to safeguard the rice from animals. Below, Egyptian fellah uses a crude harrow pulled by oxen to level an irrigated rice field. Egypt has been a rice exporter in recent years, but will likely become a large importer in the future.

USE OF TREMENDOUS profits from petroleum sales to upgrade Mideastern diets and Government buying and social programs have caused rice imports by countries in the region[1] to skyrocket in 1975[2], and rice imports are expected to remain strong in the years immediately ahead. Most of the Mideast's rice-supplying countries, including the United States, have profited from the 1975 jump in demand.

Other major rice suppliers to the region—Thailand, Pakistan, India, and the People's Republic of China (PRC) —also made spectacular sales gains in Mideast rice markets in 1975.

U.S. rice exports to some Mideast countries may gain further in 1976. Iraq appears to offer the brightest opportunity for large volume gains of U.S. rice, and shipments to Iran and the Arabian Peninsula should remain near the 1975 level.

Valued at about $1 billion, exports of U.S. rice to the Mideast in 1975 accounted for 34 percent of the worth of all U.S. rice exports. These figures contrast sharply with U.S. exports to the area in 1973, of $437 million, just 8 percent of the total value of all U.S. rice exports. In terms of quantity, the Mideast took about 30.6 percent of total 1975 U.S. rice exports of 2.3 million tons. At 702,556 tons, these exports to the Mideast were more than triple the 155,000 tons exported to the area in the previous year. Most U.S. rice exports to the Mideast are of the more expensive grades.

Spectacular gains occurred in 1975 in U.S. rice exports to Iran and Iraq, where petroleum revenues have been used to subsidize increasing food imports by Government agencies. Petroleum income also is being distributed widely throughout the population of these—and several other—countries, and should help individual consumers to upgrade their diets, a large part of which is rice.

The demand for imported rice in Iran and Iraq will also be strengthened by a falloff in both countries' calendar 1975 rice production to a level well below previous peaks and a growing demand for rice in the cities. New government programs have put larger sums of money into the hands of many farm families, triggering an unexpected surge in demand for imported rice in rural areas of Iran, Iraq, and Arabian Peninsula countries.

Imports of rice by Mideast countries are expected to approximate 1.6 million tons in calendar 1975—a third above the previous record in 1974 and almost quadruple the 1965-69 average. High prices on the world market over the last 3 years failed to deter growth in rice imports by the oil-rich Mideast countries, while recent declines in prices have caused some countries to accelerate import plans.

Consumers near the Mediterranean prefer medium- and short-grain rice, whole those in Iran, Iraq, and countries along the Persian Gulf prefer long-grain

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[1] Includes Iran, Iraq, Saudi Arabia, Kuwait, Bahrain, United Arab Emirates, Oman, Qatar, Yemen Arab Republic, People's Democratic Republic of Yemen, Jordan, Syria, Lebanon, Turkey, Egypt, Sudan, Libya, and Israel. [2] All tons are metric. Unless otherwise indicated, all years are U.S. fiscal years ending June 30.

rice. These countries are major markets for this kind of U.S. grain. The gain in rice imports by Iran and Iraq has had a noticeable influence on the sales of long-grain rice, especially U.S. long-grain rice.

Arabian Peninsula long-grain rice imports were trending upward even before petroleum prices started climbing in 1973, but the growth rate sped up in 1974 and 1975. Syria is a new market for medium- and short-grain rice.

Mideast rice production. Along with Iran and Iraq, Egypt and Turkey are the major rice producers in the Mideast, where regional output of rough rice totaled 3.7 million tons in 1974. Rice production in other Mideast countries is smaller, totaling about 5.000 tons a year each in Sudan and Saudi Arabia and 1,000 tons in Syria.

Rice production in the four major rice-producing countries increased by more than one-fourth between the early 1960's and 1970 because of expanded use of irrigation, improved rice varieties, and fertilizer. But this growth has not extended into the current decade, largely because of competition from other crops and difficulty in developing new areas for rice cultivation.

One of the "big-four" Mideast rice producers. Egypt saw its milled rice output fall from a peak of 1,745,000 tons in 1970 to only 1.5 million tons in 1974. Output in 1975 was still below the peak. Increases in Egyptian rice tonnage will be difficult to achieve since gains in rice areas beyond the northern area of the Nile Delta are unlikely. Meanwhile, domestic demand continued to grow, reducing export availability. Egypt's rice exports declined from a record 772,000 tons in 1969 to only 136.000 tons in 1974, and declined further in 1975.

Demand for rice in Iran has grown faster than production, although local producers still provide over 60 percent of the supply. Iran's output of milled rice in 1975 is estimated at 696,000 tons, down from 717,000 tons in 1974.

Opportunities to increase the area planted to rice or use of irrigation water are limited in Gilan and Mazanderan, the two northern Provinces along the Caspian Sea, where much of the country's rice is grown. Expansion of rice production is planned in the south near Abadan to help offset these losses.

Mideast rice imports. Iran's rice imports from all sources in 1975 are expected to total 510,000 tons—more than double the 1973 and 1974 levels. Government subsidies on imported rice allow Iranian consumers to purchase top grades of U.S. long-grain rice for an equivalent of about 29 U.S. cents per pound, below prices for top grades of domestic long-grain rice that reached a record retail price of 50 cents per pound in 1974. Larger supplies of imported rice caused prices for domestic long-grain rice to fall below 40 cents per pound in 1975.

RICE EXPORTS from the United States to Iran zoomed from 20,399 tons in 1974 to a record 461,261 tons, worth $226 million, in 1975. Port congestion and distribution problems may cause temporary disruptions in the flow of 1976 rice imports into Iran. As a result, total imports may drop slightly below the previous year's level and, as a supplier, the United States may suffer some temporary lag in shipments until new port facilities are opened in late 1976.

Some rice may be shipped from North Korea. North Korea recently signed a trade agreement with Iran that included 200,000 tons of grains for delivery over a period of several years, but shipment may not start until late 1976.

Total Iranian rice consumption will continue upward at a rapid pace in future years and stock levels may be placed under considerable strain, putting them noticeably below the "comfortable" level recorded in 1972.

Iraq may increase its purchases of U.S. rice in 1976—perhaps even double them. From 9,011 tons in 1974, Iraqi imports of U.S. rice rose to a record 109,856 tons in 1975. Iraq's imports of rice from all sources, mostly from Thailand, Latin America, and Pakistan, have also risen, pushing total imports to about 300,000 tons annually.

Kuwait imported rice from Pakistan, India, the United States, and the PRC in 1975. U.S. rice exports to Kuwait increased from 4,531 tons in 1974 to a record 27,707 tons in 1975. India sent 10,600 tons of Basmati rice to Kuwait in calendar 1974, putting India ahead of Pakistan as a supplier of Basmati in this rice market.

Kuwait's total rice imports in 1975 are expected to exceed 92,000 tons, allowing for a stock buildup of about 12,000 tons. Stocks were depleted in 1973 when only 28,000 tons were imported and many consumers had to obtain rice from neighboring countries.

Saudi Arabia's rice imports have fluctuated widely in the last decade because of caution shown by private importers during periods of rising prices. In fact, imports declined from 220,000 tons in 1971 to about 154,000 tons in 1973 because private importers were hesitant to make foreign purchases when world prices were high and the port congested.

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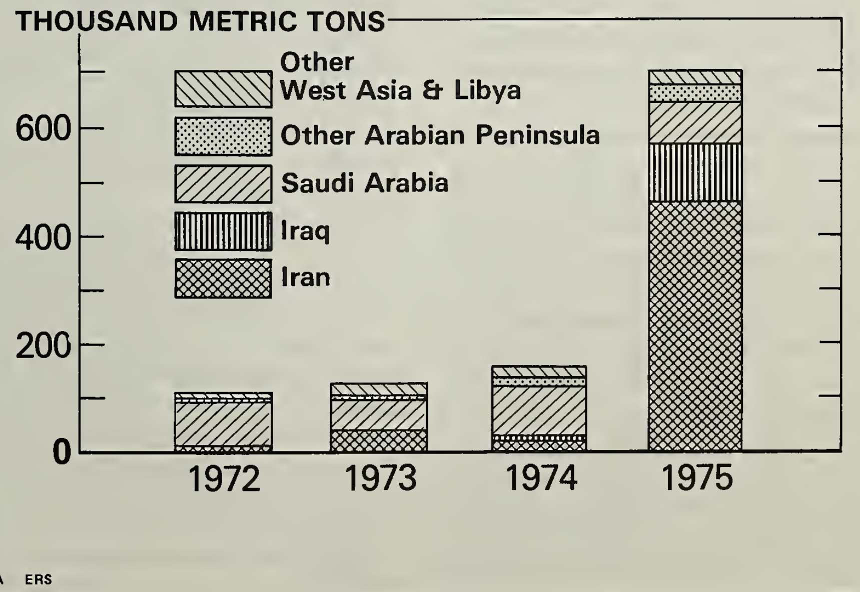
U.S. EXPORTS OF RICE TO MIDEAST MARKETS, FY 1972-75, BY QUANTITY



FAR EAST COTTON MARKET

Part 2—Korea, Taiwan, and Hong Kong

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Relatively high U.S. raw cotton prices, coupled with other trade debilitating factors that will probably have a dampening effect on U.S. cotton sales to the Far East were revealed during the author's recent trip to Japan —discussed in the November 3 issue of *Foreign Agriculture*—South Korea, Taiwan, and Hong Kong.

South Korea. For the most part, Korean mills are operating at near full capacity, 24 hours a day, 7 days a week, with order books reportedly in reasonably good shape through the end of December 1975. Profit margins, however, remain narrow, and some mills reportedly still operate at a loss owing to continued low yarn prices and the high cost of raw cotton stocks. Spot prices for 30-count yarn have remained at around 85 cents per pound since April. When coupled with spinning costs of around 25 cents per pound, this translates to a break-even price of around 54 cents per pound for raw cotton.

According to the Spinner and Weaver Association of Korea (SWAK), only the most efficient mills that had not overpurchased during the period of high cotton prices can cover their costs in today's market. The average price of cotton being used in most mills was in the mid-60-cent-per-pound region. According to one spinner, raw material costs normally account for 60-70 percent of yarn production costs and labor for around 10 percent.

The total number of spindles installed is expected to reach 1.9 million by the end of 1975, nearly 500,000 over the December 1974 total, but well short of the 2.5 million approved for installation by the Government. It is expected that the forthcoming 5-year plan, ending in 1981, will target spindleage at around 3.3 million, far below the 5 million planned earlier.

The ambitious, long-range planning of the early 1970's had been supported by the belief that Japanese spinners, beset by wage and pollution control problems, would be priced out of the market and thus would substantially reduce spindelage and textile output. Part of this void was then to be filled by the more efficient, lower wage Korean industry. Several factors, however, hampered the achievement of planned increases. Most notable of these were the expanded use of open-end spinning units in Japan, which measurably increased production efficiency. Also significant were the larger-than-anticipated cost increases for Korean spinners along with a parallel expansion of textile facilities in several other Far Eastern countries.

Textile letter-of-credit openings for the first 5 months of 1975 were some 40 percent above the previous year with a particularly strong showing in April and May. This prompted many in the South Korean cotton industry to believe that the onset of full recovery was imminent. However, lower letter-of-credit openings in July and August partially reversed earlier gains and have again cast an aura of gloom.

"... Korean mills are operating at near full capacity 24 hours a day ... 7 days a week."

Some improvement in cotton consumption for the 1975/76 season is nonetheless expected—perhaps on the order of 10 percent over the estimated 730,000 bales used in 1974/75.[1] This depends, of course, on the economic pickup in South Korea's major textile markets of Japan, the United States, Europe, Canada, Australia, and New Zealand.

While total textile exports increased in 1974, exports to Japan—South Korea's largest market—posted a decline. Economic recovery in Japan, the United States, and other markets is important for the revival of the Korean textile industry, but equally as important will be the result of current import-restriction negotiations with the European Community and Japan.

At present the Japanese place no limitations on textile imports, but the Korean cotton textile industry received a delegation of Japanese spinners in mid-September who were interested in discussing a more orderly marketing policy and voluntary restraints with Korean exporters. Korea currently maintains extensive controls over textile imports and, with minor exceptions, does not import wearing apparel.

SWAK representatives essentially see two issues as central to the health of the Korean textile industry: The necessity to obtain adequate financing for raw cotton purchases and the maintenance of adequate accessibility to the textile markets of developed countries.

Although Korean spinners express a desire to lessen their dependence on U.S. cotton, particularly at today's relatively higher prices, their inability to secure sufficient foreign exchange or other external financing continues to make them reliant on U.S. financing for their raw cotton needs.

Taiwan. Dependent on the export of its textile products for the viability of its textile industry, Taiwan sends around 85 percent of its output to the United States, Japan, the EC, Hong Kong, Australia, and Canada. The industry can currently be characterized as greatly over-expanded and pessimistic regarding any sustained recovery much before March 1976. Spinners currently expect to use only slightly more cotton this season than the estimated 645,000 bales consumed in 1974/75, with most of this increase being deferred to later in the season.

Cotton imports could fare slightly better, perhaps increasingly by 10 percent from the dramatically lower level of 1974/75—estimated at around 550,000 bales. Although based on the fact that applications for raw cotton import licenses in July and August were more than double the value of those in March and April, this estimate may be off since mills are not obligated to import the amount of cotton called for by the licenses.

The United States is estimated to have supplied around 60 percent of Taiwan's cotton imports in 1974/75, with Nicaragua, Mexico, Dahomey, Sudan, and Tanzania following with substantially lesser amounts. The price of U.S. cotton and the availability of U.S. Government financing will basically determine whether U.S. exporters can maintain the lion's share of the Taiwanese market.

[1] Split years are marketing years, August 1-July 31.

Despite the falloff in demand, Taiwan's cotton yarn production capacity has increased from around 1.5 million spindles at the end of 1973 to some 2.3 million in August 1975, with an additional 240,000 approved by the Government and awaiting installation. By the end of 1975, the combined capacity for all fibers—cotton, blends, and manmade fibers—is expected to reach 3.4 million spindles, with over half a million to be added in calendar 1975.

On a fiber basis, cotton currently accounts for around 37 percent of total production, compared with almost 50 percent in 1970. Production cuts over the past 15 months have been concentrated most heavily in the manmade and blended fiber sectors, arresting the downward trend in the percentage share for cotton. However, some revival in blend and synthetics production in recent months, and the potential of further acceleration as textile demand picks up, could reduce cotton's relative share in the future.

Industry spokesmen indicated that textile mills had cut operations by 30 percent since December 1974, when yarn and fabric stocks were more than double previous-year levels. The cutback was relaxed to 20 percent in May when improved textile export orders seemed to indicate a recovery. With export orders having reportedly trended weaker in July and August and with textile inventories still at very high levels, September plans again called for a 30 percent cutback in October. The industry now hopes for some market improvement after the turn of the year.

Taiwanese spinners pointed out that although textile export volume had increased in recent months, a number of mills had not been able to profitably sustain their operations and had been forced to terminate production. Others are operating under severe financial stress.

Petrodollar outflows from Taiwan's traditional markets, increased domestic labor and energy costs, and high-priced raw cotton supplies were cited as contributing to the current depressed situation. Spot market prices in mid-September for 20's yarn were around 63 cents per pound in Taiwan, compared with around 73 cents in Korea, and 79 cents per pound in Japan and Hong Kong.

The lower yarn prices in Taiwan reflect the current high stock situation and the fact that much of the textile equipment is new and efficient and that Taiwanese labor is still relatively cheap. These factors should place the industry in a good competitive position when world demand improves.

In an effort to live with the quantitative import restrictions imposed by various developed nations, the recent Taiwanese trend toward upgrading quality will likely continue with a view to increased returns from textile exports. Market expansion efforts will also continue, especially in Canada, Australia, the Middle East, and Latin American countries. Some efforts will also be directed toward overseas textile facility investment, particularly in the Middle East.

Hong Kong. Contrasted with the production cutbacks and lower profits of most textile mills in the Far East, and the general pessimism of their operators, Hong Kong spinners and weavers are enjoying a comparative "miniboom." While sales are largely confined to lower count denims and corduroys, most order books are reportedly full past the end of 1975. But one danger point is that viability of mill activity over the next 6-10 months is almost entirely dependent on the continued popularity of denim fashions. However, most mills hope to maintain currently profitable operations into the summer of 1976.

"... Hong Kong spinners and weavers are enjoying a ... miniboom."

It was repeatedly pointed out that the Hong Kong textile industry has traditionally been able to recover more quickly from periodic slumps in world demand because of its long-term experience and the versatility of the textile sector. Improved production techniques, aggressive marketing, and the acceptability of Hong Kong's products were cited as principal reasons for the industry's current profitable posture.

The lower count goods from Hong Kong remain competitive because of spinning efficiency of the 33,600 open-end rotors currently in operation. Although the total number of spindles reported by the Hong Kong Cotton Spinners Association decreased by over 19,000 during the first half of 1975, the number of open-end rotors increased by 18 percent, placing total monthly yarn production (based on 20-count yarn) at 34.3 million pounds.

For the industry as a whole, total spindle activity is around 90 percent. Based on the assumption that operations will continue at about current—or perhaps somewhat improved—rates through mid-1975, that cotton will continue to account for around 90 percent of total yarn production, and that the average count of yarn produced will remain below 20's count, total cotton use in 1975/76 could be over 850,000 bales.

Projections based on trade estimates of raw cotton purchases by Hong Kong mills place imports in the last half of 1975 in excess of 400,000 bales. With purchasing likely to continue to improve in the first half of 1976, total 1975/76 imports could exceed 900,000 bales, roughly consisting of 55 percent coarse count, 35 percent medium, and 15 percent fine count cottons.

Hong Kong mills traditionally purchase their raw cotton from any of over 20 countries, based mainly on price. Although they made up over 40 percent of Hong Kong's foreign purchases in 1973/74, imports of U.S. cotton through the first 10 months of the 1974/75 season dropped to under 20 percent and to less than 9 percent in the first half of 1975.

Because of high prices, almost no U.S. cotton has been purchased by Hong Kong buyers since May 1975. Most of Hong Kong's recent cotton purchases have been from Pakistan, Nicaragua, Tanzania, a fair amount from the PRC and—recently—limited amounts from Mozambique, Argentina, and Bolivia.

U.S. cotton imports are suffering largely because of the 3-5 cent discrepancy between U.S. and competitive foreign growths. Ocean rates were placed at 5.3 cents per pound from the United States, 3.25 from Pakistan, and 4.75 from Brazil. However, substantial purchases of U.S. cotton would likely still be made, even before the end of the year, should the gap between Pakistan and U.S. cotton (M 1" 3.8 MIC) narrow to 2 cents or less.

Further evidence of the more optimistic mood of Hong Kong mills is that cotton stocks (in mills and afloat) have now reached an almost 3-month level compared with 1 month in April and a normal level of around 4½ months.

Corn Displaces German Mangels

By PAUL A. HESS
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A LONG-TIME favorite fodder crop in West Germany is losing ground to corn, largely because the latter can be grown at lower cost, produces a higher farm profit, and is better suited to mechanization.

The losing crop is the mangel beet, technically known as the *Beta vulgaris var. alba* or *crassa,* a member of the goosefoot family that is native to Europe and West Asia. Having been cultivated from about 300 B.C. to the present, for many centuries it has—along with hay—been the basic winter feed for cattle in Germany and other parts of Europe.

The mangel beet thrives in West Germany because of year-round rains and the country's sandy loam that, when fertilized, provides an ideal growing condition.

Before World War II, they were raised on about 1.25 million acres in what is now the Federal Republic of Germany. However, the planted area has gradually shrunk over the years and mangel beets are now grown on only about 630,000 acres, comprising some 23 percent of the country's total root crop acreage. Among the root crops, mangel area is surpassed only by that devoted to potatoes and sugarbeets.

Rich in nutrients, mangel beets can be fed to any type of livestock, although cattle seem to like and utilize them best. Mangels are also easy to store, requiring only a pit dug in the ground and a beet cellar for easier access during periods of hard frost.

In terms of grain equivalents—the German common denominator by which grain and other feed components are compared—10 weight units of mangels are equivalent to one unit of grain. On this basis, the mangel produces 120 percent more feed value per acre than grains, 51 percent more than potatoes, 35 percent more than corn for silage, and 134 percent more than alfalfa hay. Mangels are surpassed in feed value only by sugarbeets, which provide 18 percent more. But sugarbeets are not normally fed to livestock.

In addition to the beet root, the mangel provides another feed crop in the form of beet tops and leaves that increase the mangel's nutrient value by a third. Mangel tops and leaves are either fed to animals directly from the field during and after the beet harvest, or they are stored as silage.

Under these circumstances, it is to be expected that German farmers would expand, rather than reduce, production of this important crop. In the early post-World War II period, the production pattern for major feed crops was similar to the prewar period. However, with the passage of time, some important area shifts began to take place. The most important changes were that area devoted to feed roots—including mangels—began to decline, as did acreage of clover and alfalfa. However, acreage of corn for silage and direct feeding increased rapidly, while the permanent grassland area remained rather stable.

One reason for the decrease in mangel area and the boost in corn acreage was their relative labor requirements. As corn moved into West Germany's northern regions, farmers apparently found it more profitable to replace part of their beet area with some planted in the newer hybrid corn varieties that can be handled mechanically and have good storage and silage characteristics, particularly silage corn.

Even though German technology in postwar years has tended to make beet growing easier, more efficient, and less costly, most agriculturalists agree that it is more profitable to grow corn for silage than mangel beets. Some experts estimate that production costs of beets are about double those of "green" corn. As a consequence, the swing away from mangel beets is becoming more pronounced. Compared with that of the prewar period, the production area of corn for silage and green feeding has increased tenfold, that of mangels has been cut in half.

While mangels area was dropping from the 1935-38 yearly average of 1.2 million acres to 630,100 acres last year, area for corn for fodder soared from a 91,400 annual average to 941,500 acres in 1974. Yields of mangels have shown a slight drop, while those of corn for silage have risen slightly.

Not only has the corn area surpassed that of mangels by a considerable amount in terms of nutrients, total corn production is about 10 percent higher than that of mangels. It is likely that in the near future, the corn crop will outrace mangel output on a weight basis.

From left, West German farm worker feeding mangel tops and leaves to cattle harvesting corn, the crop that is replacing mangel beets as a fodder crop; mangels being handstripped by two young women. (AID, Germany, photos.)

Australia's Apple, Peach Crops Larger Than 1974's

AUSTRALIA'S apple production in 1975 at 21.4 million bushels is the second largest on record and about 4.1 million bushels greater than the 1974 crop, reflecting "on-year" conditions in the biennial bearing pattern and excellent growing weather.

The 1975 Australian pear crop is estimated at 7.2 million bushels—about 580,000 bushels less than last year's total. Most States had an "off year" for pears, and production in New South Wales, Victoria, and Tasmania was particularly affected.

Among Australia's other deciduous crops, stone-fruit production continued to be held down by the heavy tree losses that occurred during the 1973 and 1974 floods. However, dry conditions during the ripening period in the Goulburn Valley held losses from brown rot and other diseases to a low level, and consequently the peach crop was larger than had been expected.

Total peach production is estimated at 4.5 million bushels—about 600,000 bushels greater than the 1974 crop of 3.9 million bushels.

Apricot production at 1.3 million bushels is below average production.

Tasmania is the only State with a below-average apple crop—a result of extensive tree removals in the past year. New South Wales growers had a record year and surpassed Tasmania to become the largest apple-producing State. Victoria's apple production was held down somewhat by waterlogging in the Goulburn Valley, but most varieties set excellent crops.

In Queensland, growing conditions were generally good and setting was excellent. The South Australian apple crop is larger than was forecast earlier, reflecting excellent growing conditions during the season. Western Australia's crop was not as large as first expected, but weather conditions were not conducive to good setting.

Victoria's pear crop is somewhat less than that of last season, although quality of the overall crop was reasonably good. The New South Wales crop was substantially smaller than that of 1973/74, and fruit and size tend to be well above average. South Australian pear production is somewhat better than that of the previous season. In Western Australia, pear production was similar to that of last year, with a crop of good quality.

Peach and apricot crops in New South Wales were generally satisfactory, although somewhat later than usual as a result of cool spring weather. In South Australia, the quality of both apricot and peach crops was generally excellent.

Australia's exports of apples during the 1975 shipping season are estimated at approximately 5 million bushels—somewhat better than was expected earlier when growers were reluctant to commit fruit for export because of relatively poor returns at that time. The 1975 estimate is 800,000 bushels higher than the low export level of 1974, but well below the 7 million bushels shipped in 1973.

Light apple crops in Europe and acceptance by consumers of higher prices improved the export market situation.

Exports of apples to the United Kingdom totaled about 1.8 million bushels—about the same volume shipped in 1974.

West Germany's imports of Australian apples were 604,600 bushels—about 110,000 bushels greater than in the previous year.

EXPORTS to the Netherlands also showed a significant increase to 259,400 bushels—125,000 bushels more than in 1974. On the other hand, shipments to Denmark remained virtually unchanged at 231,000 bushels, while Sweden took 342,487 bushels or about 85,000 less than in 1974.

Apple exports to Singapore and Malaysia totaled about 525,000 bushels, while 130,000 bushels were shipped to Hong Kong. Increased quantities were shipped to the Mideast, particularly to Saudi Arabia, Kuwait, and Oman. Exports to the United States continued to be limited as exporters were reluctant to accept fumigation requirements for light brown apple moth. Shipments to the United States amounted to only 95,892 bushels.

The Australian domestic market for fresh apples in 1975 was influenced by the large volume of fruit available, and consequently prices to growers were low. This situation was further aggravated by the reduced demand for juicing apples, following abolition of sales tax concessions on soft drinks containing some pure fruit juice. Supplies of apples are still heavy at present.

The outlook for pear exports at the beginning of the 1975 marketing year was far from favorable, and with lower production in prospect it was anticipated that exports would drop sharply. However, demand in the United Kingdom and Western Europe was better than expected, and prices strengthened. Total shipments to Western Europe amounted to 850 000 bushels. Pear shipments to the United Kingdom totaled 163,000 bushels.

Exports of pears to other markets have not yet been completed, but shipment of an additional 800.000 bushels is indicated, bringing total exports of pears to about 1.6 million bushels.

The United States, a major customer, accounted for 234,597 bushels—substantially less than had been expected earlier and well below the 400,788 bushels shipped in 1974.

Southeast Asian customers are expected to take a somewhat larger volume of pears this year. As of June 30, Singapore and Mayalsia had imported about 266 000 bushels and Hong Kong about 186 000 bushels in the marketing year.

The domestic market for pears was reasonably good, as the relatively small crop and a better-than-expected export demand permitted prices to be maintained at last year's level.

Under the Apple and Pear Stabilization Scheme, all apple varieties grown in the 1974 season received the maximum stabilization payment of $A0.80 per bushel, except Cox's Orange Pippins, which received about $A0.75 per bushel. ($A1 = US$1.28.) A small quantity of unclassified apple varieties achieved returns in excess of the support price, and for these the exporters had to pay into the Stabilization Fund about $A0.19 per bushel for a total of $A274.16.

All pear varieties exported except Packhams and Beurre Boscs attracted the maximum payment of $A0.80 per bushel. Payment on Packhams was only

$A0.44 per bushel, while returns for Beurre Boscs exceeded the support price and exporters had to pay $A0.03 per bushel for a total of $A2,002.72. The total Government payout on 1974 crop apples and pears amounted to $A3, 118,950.

Although accounts for the 1975 season are incomplete, a payout total similar to that of 1974 is expected.

The Apple and Pear Stabilization Scheme expires with the 1975 crop, and the Government has referred the matter of further assistance to the Industries Assistance Commission for recommendations. The Commission is expected to submit its report to the Government in late October or early November. Industry authorities believe a report at that time would be too late to be of any help in 1976, as the season will then be well advanced. Consequently, the industry has asked the Government for a 1-year extension of the Stabilization Scheme.

The Fruit Industry Reconstruction Scheme expires on December 31, and the Industries Assistance Commission is to report on this program also in early November. Growers who have been hesitant to apply for tree-removal assistance may now do so, particularly those who do not have sufficient cannery shares to guarantee crop disposal.

Legislation to impose and administer a levy to to finance the operation of the new Australian Apple and Pear Corporation is before the Parliament. The levy would apply to the bearing area of apple and pear trees, with a maximum of $A30 per hectare.

However, the actual rate would be determined annually, and in its first year probably would be set at a substantially lower rate. Revenue would be applied to the administrative costs of the Corporation, product and market research, and promotion.

The Government also made available a $A200,000 grant to the Apple and Pear Corporation for product development, market surveys, and promotion.

—Based on report from
Office of U.S. Agricultural Attaché, Canberra

World Meat Surpluses Persist

Continued from page 4

frozen beef to the European Community are obviously limited, and those of canned beef have come under strong price pressure from Argentine and Uruguayan products.

Yet Brazilian cattle prices have remained relatively high, owing to herd rebuilding last year following heavy slaughtering in the previous 3 years. In addition, this year the Brazilian Government purchased price-stabilizing stocks for sale during the country's dry season on the domestic market rather than importing them, as it traditionally has done, from Uruguay and other outside sources.

However, Brazil is reported to have recently contracted to buy 25,000 tons of Uruguayan beef for processing and re-export as corned beef and other products. The agreement will allow Brazil to use idle processing capacity, while helping to alleviate some of Uruguay's surplus problems arising from its loss of the Brazilian dry-season market.

At the same time, the Government continues to stress herd expansion, as well as programs to improve pastures and feeding practices.

Brazil's recent freeze, besides devastating coffee and other crops, caused some death losses in the cattle herds. However, rains following the frost revived pastures and prevented further damage.

Uruguay. The major victim of Brazil's move to purchase dry-season beef domestically rather than through imports, Uruguay will see its 1975 beef shipments decline some from the 1974 level of 100,000 tons (carcass weight). However, Uruguay's recent sale to Brazil of meat for processing should put shipments above the 60,000 tons anticipated earlier.

This season's export decline is especially worrisome to the Uruguayans, whose herds have been building for the past 5 years and are now straining the capacity of pastures. Cattle numbers rose 17 percent in 1974 and may climb by as much in 1975 unless the heavily stocked pastures lead to greater calf losses.

The country also has a surplus of fattened cattle available for slaughter—100,000 head have been ordered slaughtered and canned for eventual export.

Israeli Poultry Industry

Continued from page 5

world market prices for all feed ingredients forced the Israeli Government to boost the retail price of eggs as well as minimum prices for poultry meat. The devaluation of Israeli currency in November 1974 also caused an increase in all price levels.

During part of calendar 1974, subsidies on eggs were limited or nonexistent. In July, producer income was increased without similar consumer price boosts and the subsidy was reintroduced. In November, all egg prices were again increased.

On the average, the egg subsidy for 1974 stood at about 12 cents per dozen. The subsidy made up 17 percent of farmer income from table eggs. At the present time, the subsidy stands at 16 cents per dozen. This is equivalent to 19.5 percent of the return to producers.

Prices have only a limited impact on Israeli egg supplies. On the demand side the doubling of egg prices during 1974 had a relatively small impact on consumption, probably because prices of other staples had risen at an even faster rate.

Guaranteed producer poultry prices also increased, rising by about 100 percent from January to December 1974. Consumer prices, however, increased only 32 percent. Producer prices were well above the support level for most of the year.

Israel's most important poultry exports in 1974 were of goose liver to France for further processing. However, this trade has run into difficulties because present exchange rates have made it unprofitable.

Exports of processed poultry and turkey meat got off to a promising start in 1973 but the trade did not develop well, mainly because of growing surpluses of poultry meat in Europe. Israel is now trying to get USDA permission to ship kosher poultry products to the United States.

Although Israel does not import any poultry products, the whole industry depends heavily on imported feed ingredients. Poultry accounts for 63 percent of all mixed feed consumption and the total import bill in 1974 reached about $115 million, c.i.f. Israel. Roughly $100 million of this ($88 million, f.o.b.) represented exports from the United States.

CROPS & MARKETS

GENERAL

Butz To Visit European, Mideastern Capitals. Secretary of Agriculture Earl L. Butz is scheduled to leave the United States November 11 for an 18-day trip that will include meetings with representatives of the European Community, with agriculture and trade officials of East European and Mideastern capitals, and participation in the 18th session of the Food and Agriculture Organization (FAO) conference in Rome. Mr. Butz is to present the U.S. statement to the FAO on November 13, and will serve as chairman of the U.S. delegation to the FAO while in Rome.

The itinerary: Brussels (EC), November 12; Rome, 12-15; Tehran, 15-17; Tel Aviv, 17-19; Belgrade, 19-21; Bucharest, 21-23; Budapest, 23-25; Warsaw, 25-27; London, 28-29.

GRAINS • FEEDS • PULSES • SEEDS

EC Trims Durum Import License Period. The European Community Commission has reduced the period of validity for Durum wheat import licenses from 60 to 30 days, effective October 15. The decision reflects the high volume of Durum imports during August and September—the first 2 months of the EC marketing year. During this period, the quantities of Durum licensed for import plus actual imports under licenses issued in 1974/75—i.e. before August 1—were considerably higher than the total quantities licensed for import during the same period of recent marketing years. As of October 5, U.S. outstanding sales and exports of Durum to the EC in 1975/76 (July-June) totaled 358,000 metric tons, compared with 760,000 tons for the entire 1974/75 year.

Grain Supply-Demand Balance Revised. Since October 7 FAS assessment of the world grain situation (*FAS Circular* FG 12-75, October 7, 1975), several revisions have been made in the estimated 1975/76 supply-demand balance for the United States and the USSR. The primary adjustments: An increase in estimated U.S. coarse-grain production of about 1 million metric tons; a decrease of 15 million tons (10 million tons wheat, 4 million tons coarse grains, 1 million tons miscellaneous grains) in the estimated Soviet harvest; an increase in estimated Soviet imports; a reduction in estimated Soviet consumption; and an increase of nearly 3 million tons in the estimate of U.S. wheat exports for the 1975/76 (July-June) marketing year. Additional Soviet feedgrain purchases are expected, but will likely result in a somewhat heavier overall foreign demand level in the July-September 1976 quarter, compared with the same quarter of 1975. Therefore, while the 43.3-million-ton estimate of U.S. feedgrain exports on a July-June basis remains unchanged, the export estimate for the October-September (corn and sorghum marketing year) period has been increased to 45.4 million tons.

Rotterdam Grain Prices and Levies. Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Nov. 3	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	6.25	+32	6.51
USSR SKS-14	([1])	([1])	([1])
French Feed Milling [2]	3.60	− 5	([1])
U.S. No. 2 Dark Northern Spring: 14 percent	5.18	− 3	6.46
U.S. No. 2 Hard Winter: 13.5 percent	4.99	−10	6.42
No. 3 Hard Amber Durum	6.31	− 6	8.26
Argentine	([1])	([1])	([1])
U.S. No. 2 Soft Red Winter	4.15	−16	([1])
Feedgrains:			
U.S. No. 3 Yellow corn	3.19	− 5	4.21
French Maize [2]	3.34	− 3	([1])
Argentine Plate corn	3.68	− 7	4.52
U.S. No. 2 sorghum	3.23	+ 3	4.29
Argentine-Granifero sorghum	3.29	+ 2	4.32
U.S. No. 3 Feed barley	3.24	− 8	3.76
Soybeans:			
Brazilian	5.68	−16	([1])
U.S. No. 2 Yellow	5.31	−23	8.50
EC import levies:			
Wheat	.79	+ 4	0
Corn	.88	+15	0
Sorghum	.87	+13	0

[1] Not quoted. [2] Basis c.i.f. west coast, England
NOTE: Price basis 30- to 60-day delivery

OILSEEDS • PRODUCTS

Foreign Imports of Oilseed, Meal Lag. Combined net imports of oilseeds and meals into six major markets (Japan, West Germany, France, Spain, United Kingdom, and Denmark) during October 1974-August 1975 totaled 12.8 million metric tons (44 percent soybean meal equivalent) or 2 percent below the 13.1 million tons imported during the same 11 months of 1973/74. The decline was equal to the meal fraction of 12 million bushels of soybeans and reflected a significant decline in imports during the July-August period. Normally total meal consumption in these six countries has grown by an annual trendline volume of 760,000 tons, equal to the protein fraction of 35 million bushels of soybeans.

Imports in August of 950,000 tons were the smallest since March and were 22 percent less than in the same month last year. The 3-month moving average of imports for the June-August 1975 period now stands at the smallest volume since August-October 1973.

Imports of soybeans and meal (meal equivalent) into the same six countries during October 1974-August 1975 were just over 9 million tons—332,000 tons or 3.5 percent below the same period in 1973/74. The decline largely reflected reduced imports by Japan and the United Kingdom. Annual trendline growth in imports of soybeans and meal by these six countries has approximated 570,000 tons, equal to 26 million bushels of soybeans. So far this year imports are

down by the equivalent of 15 million bushels of beans.

Imports of soybeans and meal, which were running slightly ahead of those of a year earlier through June, fell significantly behind the previous year's volume in July and August. Soybean meal prices, basis Europe, in late October were 20 percent above the recent months' low, which occurred in February. Despite the rise in soybean meal prices, meal is still favorably priced relative to corn. Thus the key limitation in demand appears to be some reduction in animal and poultry numbers.

The decline in imports of soybeans and meal accounted for virtually all of the decline in total oilseed and meal imports. Increased imports of fishmeal and corpra and palm kernel meals about offset smaller movements of peanut, cottonseed, rapeseed, and linseed meals.

NET IMPORTS OF SOYBEANS AND MEAL AND TOTAL OILSEEDS AND MEALS INTO SELECTED MAJOR MARKETS[1]
(In 1,000 metric tons)

Country	Period	Soybeans and Meal 1973/74	Soybeans and Meal 1974/75	Total oilseeds and meals 1973/74	Total oilseeds and meals 1974/75
Japan	October-August	2,584	2,211	3,360	2,873
West Germany ...	October-August	2,322	2,532	3,528	3,949
France	October-August	1,639	1,609	2,239	2,123
Spain	October-August	1,354	1,322	1,612	1,543
United Kingdom ..	October-August	874	729	1,416	1,338
Denmark	October-August	593	631	933	997
Total	—	—	9,366 9,034	13,088	12,823
Change from previous period ..			—332	—	—265

[1] Expressed in 44 percent soybean meal equivalent.

TOBACCO

Turkey Raises Tobacco Export Prices. Turkey has increased minimum export prices for 1974 crop tobacco. The new price schedule, which is valid through January 31, 1976, includes increases ranging from 20 to 36 U.S. cents per pound.

Prices of scrap tobacco remain unchanged, leaf prices rose by 14-63 percent, and prices of top-quality grades rose by smaller percentages. The minimum export prices for Aegean AG leaf is now $1.70 per pound, up 27 percent from the 1973 crop price; Bursa AG will sell for at least $1.91 per pound, up 14 percent; and Sansun AG for $2.09 per pound, up 18 percent.

U.S. imports for consumption of Turkish tobacco in fiscal 1975 totaled 113 million pounds, while U.S. imports from Greece and Yugoslavia—secondary oriental leaf suppliers—totaled 41 million pounds.

Oriental tobacco, while not grown in the United States is a key component in blended cigarettes. A substantial rise in the cost of oriental leaf could encourage manufacturers to diversify further their oriental leaf sources and/or reduce the oriental leaf content of cigarettes.

In Greece, estimated growers' price increases of 39 to 65 percent could cause increases of 25 to 48 percent in export prices, which are forecast to range from $1.80 to $2.27 per pound. Better grades of Greek oriental leaf are now among the highest priced cigarette tobaccos in world trade.

LIVESTOCK • PRODUCTS

EC Raises Irish Beef Export Subsidy. The European Community Commission on October 21 increased subsidies on exports of Irish boneless beef to the United States from 15 to 26.4 U.S. cents per pound. The new level is expected to result in sharp increases in Irish beef shipments to the United States in November and December. Irish beef exports to the United States have been minimal so far this year (1.1 million pounds through September), since profits from sales to West Germany and into intervention stocks appear to have been larger.

Japan Sets Beef Import Quota. Japan has set its beef import quota for the second half (October-March) of fiscal 1975 at 10,000 metric tons, bringing the total for fiscal 1975 to 45,013. tons. Of the total, 42,400 tons are under general quota, 500 tons are for international hotels, 230 tons for restaurants at the sea exposition in Okinawa, 1,000 tons are reserved for boiled beef, and 883 tons are in the miscellaneous meat category.

The United States supplies a varying percentage of each of these quotas, and in 1974 was the source for approximately 14 percent of Japan's total beef imports.

COTTON

Small Cut in Southern Hemisphere Cotton Area. Acreage now being planted to cotton in the Southern Hemisphere probably will not reflect last spring's 8 percent area decline in Northern Hemisphere countries. The main reasons for the smaller cut in area in the Southern Hemisphere are a 20 percent rise in world cotton prices since last February's low and a pickup in export sales in late spring. Dry weather in Southern Brazil could reduce expectations of a small acreage increase, but Argentine farmers, enthusiastic after last season's excellent crop and good export sales, could erase the earlier projected 6 percent decline. Australia and South Africa expect only marginal declines. Planting intentions in other African countries are still not clear.

FRUIT • NUTS • VEGETABLES

Turkey's Pistachio, Walnut Crops. Turkey's pistachio production is estimated to be 25 percent higher than last year's for a total of 10,000 metric tons (in-shell basis). Weather conditions in the main producing areas were generally better than those of last year, and sufficient rainfall in the Gaziantep area also helped.

Walnut production is believed to be about the same as that of last year, when the outturn was 90,000 tons.

Largely because of higher prices, pistachio and walnut exports fell significantly during the 1974/75 marketing year compared with the previous year. Pistachio exports during the October 1974/September 1975 marketing year are estimated at 2,000 tons (in-shell basis), a 13 percent drop. The export forecast for 1975/76 is 2,500 tons. Walnut exports during the first 11 months of the 1974/75 marketing year (September 1974-July 1975) amounted to about 2,593 metric tons (unshelled basis at 40 percent shelling rate) against 4,731 tons for the year-earlier period.

Domestic consumption of pistachios increased significantly in the past 3 years, and is expected to reach 6,000 tons in 1975/76.

Turkish pistachio producers are far from satisfied with the new support price of about $1.78 per kilogram for dried red-skin unshelled pistachios, 6 percent over last year's level. It is believed that the support rate was kept low because of last year's decline in export sales resulting from high prices. This policy is expected to encourage private dealers and exporters to be more active in pistachio marketing during the coming season.

Walnut consumption data are not available. It is believed that 90-95 percent of total production is consumed domestically.

Smaller Spanish Canned Fruit Pack. Frost and hail reduced 1975 Spanish production of canned deciduous fruit in syrup, now estimated at 3.6 million cases, equivalent 24/2½ basis, or 10 percent below the 1974 pack of 4 million. Estimated case production of items, with 1974 totals in parentheses: Apricots 1.1 million (1.4), peaches 1.2 million (1.3), other fruits 1.3 million (1.3).

Inflation and economic problems in the major foreign markets held last season's exports below those of 1973/74 in an extremely short-term and meager buying pattern. Total 1974/75 season exports of canned peaches were estimated at 225,000 cases, approximately half the amount exported in 1973/74. The United Kingdom is the largest market for Spanish canned fruit. Other important markets are Belgium, West Germany, and the Netherlands.

EC Lowers Lemon Prices. The European Community Commission has lowered 1975/76 references prices for lemons (in units of account per 100 kilograms—one u.a. = $1.22; previous prices in parentheses): October 21.68 (25.18), November 19.35 (22.85), December 19.92 (23.42), January 20.98 (24.48), February 19.71 (23.21), March 20.14 (23.64), April 20.48 (23.98), May 22.49 (25.99).

The new prices are 3.5 u.a. per 100 kilograms lower than those previously set for the October 1975-May 1976 period because the standard amount—covering transport costs—no longer figures in the calculation of reference prices.

Italy in June 1975 agreed to lower reference prices for lemons in exchange for a penetration premium of 4.7 u.a. per 100 kilograms on lemons shipped to other EC countries.

SUGAR • TROPICAL PRODUCTS

Cocoa Grinds Continue at Low Levels. U.S. cocoa bean grindings during the third quarter of 1975 totaled 114.7 million pounds (52,028 metric tons) off 4.5 percent from the corresponding 1974 period. Grindings during January-September amounted to 324.7 million pounds (147,283 tons), down 18.6 percent from the same period last year, when grindings totaled 398.7 million pounds (180,849 tons). Total U.S. grind in 1974 was 505.6 million pounds (229,339 tons), compared with the 1973 grind of 615.3 million pounds (279,098 tons).

U.K. grindings for the third quarter amounted to only 15,433 tons, down 28 percent from those of the comparable 1974 period. Cummulative 9-month grindings were 53,746 tons, off 28.4 percent from the corresponding 1974 period, when grindings were 75,082 tons.

West German grindings amounted to 29,990 tons, off 2.5 percent from the third-quarter 1974 grind of 30,766. Grindings for the first 9 months totaled 104,127 tons, up 4.5 percent over the corresponding 1974 period.

The Netherlands grind for the January-September period totaled 87,180 tons, up 3.1 percent over 1974's 9-month grindings of 84,480. French grindings were 7,100 tons, off 4 percent from those of the third-quarter 1974. Total 9-month 1975 grindings were 25,925 tons, down 7.2 percent from the corresponding 1974 months, when grindings were 27,945.

Japan Reduces Sugar Imports. At the request of Japanese sugar refiners, Japan and Australia have agreed that Australia will reduce its contracted raw sugar exports to Japan by 90,000 metric tons during the first half (July-December) of Australia's 1975/76 fiscal year.

Under the plan, Japan will take 210,000 tons of its 600,000-ton contract in the first half, and 390,000 tons in the second half. Japanese refiners hope that by reducing imports they can bring supplies in line with demand by the end of December. The recently negotiated 5-year agreement between Australia and Japan calls for imports by Japan of 600,000 tons a year.

Japanese refiners have been attempting to get out from under a huge stockpile of expensive sugar purchased in 1974, and have sharply reduced imports from all sources in 1975.

Jute and Kenaf Output Down. Jute and kenaf production in the major producing countries affecting world trade—India, Bangladesh, and Thailand—in 1975/76 is forecast at 2.1 million metric tons, down from 2.2 million tons in 1974/75. This would be the second consecutive year that output has remained well below levels prevailing in 1973/74 and earlier years. In India, combined production of jute and kenaf is forecast at 990,000 tons, compared with slightly more than 1 million tons in 1974/75, as total planted area declined. Bangladesh is expecting an increase in jute production to 791,000 tons, about 10 percent more than in the previous year, with the Government striving to maintain producer incentives.

In both countries, many growers have switched more planted area from jute to rice because of more favorable prices. In Thailand, kenaf output is forecast at 300,000 tons, about one-fourth below that of 1974/75, as farmers find it more profitable to grow cassava and corn.

Other Foreign Agriculture Publications

- World Grain Situation: Outlook for 1975/76 (FG 12-75)
- U.S. Dairy Trade Deficit Reduced in Fiscal 1975 As Exports Gain and Imports Decline (FD 7-75)
- World Lard Production and Trade (FLM 8-75)
- World Tallow Trade and Production (FLM 9-75)
- U.S. Trade in Livestock and Livestock Products in July 1975 (FLM MT 9-75)
- U.S. Trade in Poultry Products in Fiscal 1975 (FPE 4-75)

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Petroleum Revenues Bring Upsurge in Mideast Rice Imports

Continued from page 7

Large Saudi Government purchases of rice in the United States and Pakistan eventually ended the shortage which had become severe late in 1973.

Saudi rice use may rise 20 percent in 1976, while wheat and flour purchases may rise even more, largely because of higher incomes. Recently initiated programs to boost the birth rate by making a payment for each baby born appears to have triggered stronger demand for rice in rural areas. New sales of U.S. rice to Saudi Arabia in August and September reached 46,000 tons, well above the average monthly level during 1975.

U.S. rice exports to Saudi Arabia declined from 90,977 tons in 1974 to 78,607 tons in 1975, while Pakistan's rice exports to that country more than doubled, exceeding 60,000 tons in 1975. India sent 2,959 tons of rice in 1974.

India became a major supplier of long-grain Bismati rice to the Persian Gulf shiekdoms in 1975, with shipments of 7,000 tons to Dubai, 5,642 tons to Bahrain, 4,000 tons to Oman, and 1,000 tons to Qatar.

Reopening of the Suez Canal may allow American rice exporters to compete more vigorously with Pakistani and Thai sellers in the Arabian Peninsula. New port facilities in Dubai and Abu Dhabi will allow rice importers in the United Arab Emirates (UAE) to store rice for transshipment to other Mideast markets. Thus, rice imports by the UAE are expected to exceed 100,000 tons in 1975, double the 1968-73 average.

Improved economic conditions in the Yemen Arab Republic (YAR) have made possible larger imports of wheat and rice. U.S. rice exports to that country increased to 4,124 tons in 1975—quadruple the 1974 level. Thailand sent 17,000 tons of rice to the YAR in 1974. Much larger exports of rice to the YAR by both countries are expected in 1976.

U.S. rice exports to Syria jumped from only 125 tons in 1974 to 14,363 tons in 1975. Most of the increase was under P.L. 480, Title I (long-term dollar credits). Sharp reductions in imports of Egyptian rice and rising demand have bolstered Syria's use of U.S. rice. Rice imports by Syria reached a record 85,000 tons in 1974, including 25,000 tons from the PRC, 20,000 tons from Italy, and 10,000 tons from North Korea.

Reopening of the Suez Canal may also contribute to the movement of more Asian rice to Turkey in 1975. Turkey's rough rice production has fallen from the record of 292,000 tons in 1971 to 238,000 tons in 1974. To a large extent imports have filled this breach. Thailand and the PRC have been major suppliers of Turkey's rice imports in recent years. Turkey purchased about 100,000 tons of rice in 1974, including 60,000 tons from the PRC and 12.900 tons of U.S. rice. Only about half was shipped in 1974; the other half moved through the Suez Canal in mid-1975.

Lebanon's rice imports have moved up gradually. Shipments from Egypt declined in early 1975, but imports from Italy increased. Exports of rice by the United States and Thailand to Lebanon are expected to rise in 1975 as total rice imports reach 31,000 tons.

Israel—another steady growth market—imports rice from Italy, Argentina, and the United States. This country is usually Israel's third largest supplier, sending around 3,000 tons of rice annually.

Libya's rice imports are expected to reach 30,000 tons in 1975, with over half of the supply coming from Egypt. The PRC, Italy, and the United States are other suppliers.

Egypt—a large rice exporter in some past years—has imported some rice from Pakistan and Brazil recently to help ease late summer shortages. Imports of rice from Pakistan in exchange for petroleum products and phosphates may be feasible. New trading arrangements, opening of duty-free zones, and rising import needs to meet foreign tourist demand could cause Egypt to become a significant rice importer during months when local supplies are usually short—July to October.

Egyptian farmers earn higher profits from growing vegetables sold at open market prices than they do from growing rice for sale to Government procurement agencies at low fixed prices. Rice ties up the land from April to October—a period of 7 months—when two or three crops of vegetables could be grown in the same period.

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